

THE SCHOOL ADMINISTRATOR  
and Uniform Compliance Guidelines  
ISSUED BY STATE BOARD OF ACCOUNTS

Volume 149A

May 2000

**NEW LAWS AFFECTING SCHOOL CORPORATIONS**

The following is a digest of some of the laws passed by the 2000 Regular Session of the General Assembly affecting school corporations. Please note the effective dates. Some of the laws do not pertain directly to school corporations but are included in the digest for ready reference to the covered subject matter.

The digest is not intended as an expression of legal interpretation. Nor is the digest intended to be all inclusive. References in the digest will be to the Indiana Code in the following form (Amends IC 20-5-2-2) (Amends Indiana Code, Title 20, Article 5, Chapter 2, Section 2).

**PUBLIC LAW 3. SENATE ENROLLED ACT 9. EFFECTIVE VARIOUS DATES. SCHOOL FUNDING.** Amends and adds to IC 21-1 concerning additional counts, primetime funding, and ADM.

**PUBLIC LAW 6. HOUSE ENROLLED ACT 1003. EFFECTIVE JANUARY 1, 1999 (RETROACTIVE) FINANCIAL INSTITUTIONS TAX.** Amends IC 6-5.5 concerning financial institution tax treatment for resident and non-resident financial institutions.

**PUBLIC LAW 8. SENATE ENROLLED ACT 216. EFFECTIVE FEBRUARY 24, 2000. ALLEN COUNTY FOOD AND BEVERAGE.** Amends IC 6-9 to provide for a food and beverage tax for Allen County.

**PUBLIC LAW 14. SENATE ENROLLED ACT 12. EFFECTIVE VARIOUS DATES. OATHS; SELF-INSURANCE FUND; ADM. EFFECTIVE MARCH 15, 2000.** Amends IC 5-4-1-4 to provide that the copy of the oath required must be deposited by a school corporation in the circuit court clerk's office of the county containing the greatest percentage of the population of the school corporation.

Also amends IC 20-5-2.5-4 effective March 15, 2000 to eliminate section (d), which used to provide interest earned on funds deposited in the self-insurance fund under subsection (c) must be deposited in the self-insurance fund and may not be transferred to other accounts or expended for any other purpose.

Also amends IC 21-3-12-1 effective March 15, 2000 to provide as used in this chapter "eligible pupil" has the meaning set forth in IC 21-3-1.6-1.1 and the pupil enrollment shall be determined at the same time as a school corporation's ADM is determined under IC 21-3-1.6-1.1.

**THE SCHOOL ADMINISTRATOR  
and Uniform Compliance Guidelines**

**Volume 149A, Page 2**

**May 2000**

**PUBLIC LAW 15. HOUSE ENROLLED ACT 1018. EFFECTIVE JULY 1, 2000. INTER- SCHOLASTIC ATHLETIC ASSOCIATION.** Concerns school corporations participating in interscholastic athletic associations only if the association establishes a case review panel.

**PUBLIC LAW 16. HOUSE ENROLLED ACT 1054. EFFECTIVE JULY 1, 2000 AND DECEMBER 2, 2000. BONDS FOR RETIREMENT.** Amends IC 20-5 and non-code provisions concerning certain school corporations issuing bonds to implement solutions to contractual retirement or severance liabilities.

**PUBLIC LAW 17. HOUSE ENROLLED ACT 1157. EFFECTIVE JULY 1, 2000. RIVERBOAT REVENUES FOR FOUNDATIONS.** Adds IC 20-5-6-9 to provide that a political subdivision may donate under certain conditions proceeds from riverboat gaming under IC 4-33-12-6, IC 4-33-13 or an agreement to share a city's or county's part of the tax revenue to a public school endowment corporation under the following conditions: (1) The public school endowment corporation retains all rights to the donation, including investment powers. (2) The public school endowment corporation agrees to return the donation to the political subdivision if the corporation: (A) loses the corporation's status as a public charitable organization; (B) is liquidated; (C) or violates any condition of the endowment set by the fiscal body of the political subdivision. A public school endowment corporation may distribute both principal and income.

Amends IC 36-1-14-1 to provide this section does not apply to donations of proceeds from riverboat gaming to a public school endowment corporation under IC 20-5-6-9.

Also adds section (b) to provide that as used in this section "riverboat gaming revenue" means tax revenue received by a unit under IC 4-33-12-6, IC 4-33-13, or an agreement to share a city's or county's part of the tax revenue.

Also amends section (c) concerning units donating riverboat gaming revenue to a foundation under certain conditions.

Also adds a non-code section concerning validation of donations before July 1, 2000 that would have been permitted by IC 20-5-6-9 as added by the Act.

**PUBLIC LAW 18. HOUSE ENROLLED ACT 1158. EFFECTIVE VARIOUS DATES. STATE SUPPORT.** Adds IC 21-3-1.9 concerning State Department of Education determinations of students in an alternative education program offered in "Area 30 Career Center" in the school corporation's average daily membership; average daily attendance; additional pupil count for certain periods of time.

Adds a non-code section effective January 1, 2000 that a school corporation may not include a student participating in an alternative education program offered through Area 30 Career Center in the average daily membership; average daily attendance; or additional pupil count for state support unless requirements for counting the students are satisfied.

**THE SCHOOL ADMINISTRATOR  
and Uniform Compliance Guidelines**

Volume 149A, Page 3

May 2000

**PUBLIC LAW 22. HOUSE ENROLLED ACT 1180. EFFECTIVE JULY 1, 2000. DISPLAYS ON PUBLIC PROPERTY.** Adds IC 36-1-16 concerning displays and objects containing the words of the Ten Commandments may be displayed on real property owned by political subdivisions along with other documents of historical significance that have formed and influenced the United States legal and governmental system.

**PUBLIC LAW 26. HOUSE ENROLLED ACT 1024. EFFECTIVE VARIOUS DATES. HOLIDAYS; ELECTION LAW CHANGES.** Amends IC 1-1-9-1 to provide for the validation of actions taken by the political subdivisions on holidays.

Amends IC 5-4-1-1.2 to provide, subject to IC 5-4-1-1.2(c), an individual appointed or elected to an office of a political subdivision may take the oath required at any time after the individual's appointment or election. (c) provides individuals appointed or elected to an office of a political subdivision must take and deposit the oath required not later than thirty (30) days after the beginning of the term of office. (d) is added to provide if an individual appointed or elected to an office of a political subdivision does not comply with (c), the office becomes vacant.

Amends IC 5-8-3.5-1 to provide that certain officers that want to resign shall give written notice of the resignation to the circuit court clerk of the county containing the largest percentage of population of the political subdivision.

Adds IC 36-1-8-10.5(a) to provide the section does not apply to (1) An elected or appointed officer.

(2) An individual described in IC 20-5-3-11(b). An employee of a political subdivision may:

(1) Be a candidate for any elected office and serve in that office if elected; or

(2) Be appointed to any office and serve in that office if appointed without having to resign as an employee of the political subdivision.

Also adds a non-code provision effective November 1, 1999 (Retroactive) to provide in section (a) Notwithstanding IC 5-4-1-1.2, an individual appointed or elected to an office of a political subdivision after November 1, 1999 and before July 1, 2000 does not vacate the office under IC 5-4-1-1.2 as amended, if all the following apply:

(1) The individual took the oath required by IC 5-4-1-1 and at any time after the individual's appointment or election.

(2) The individual took the oath required by IC 5-4-1-1 not later than thirty (30) days after the beginning of the term of office.

(3) The oath was deposited with the appropriate office not later than December 31, 2000, under IC 5-4-1-4 as in effect July 1, 2000. This section expires January 1, 2004.

Adds IC 3-9-1-5.5 to require candidates for local and school board offices in certain circumstances to have a "principal committee."

Makes other changes in Indiana election law.

**THE SCHOOL ADMINISTRATOR  
and Uniform Compliance Guidelines**

Volume 149A, Page 4

May 2000

**PUBLIC LAW 30. HOUSE ENROLLED ACT 1043. EFFECTIVE JULY 1, 2000. UNEMPLOYMENT INSURANCE.** Amends IC 22-4 to increase the earnings base used to compute unemployment compensation and adjusts contribution rates.

**PUBLIC LAW 31. HOUSE ENROLLED ACT 1050. EFFECTIVE JULY 1, 2000. WORKER'S COMPENSATION.** Amends IC 22-3 concerning increases for certain benefits under Workmen's Compensation.

**PUBLIC LAW 32. HOUSE ENROLLED ACT 1051. EFFECTIVE JULY 1, 2000. COMMUNITY RESTITUTION.** Adds IC 35-41-1-4.6 concerning community restitution programs.

**PUBLIC LAW 33. HOUSE ENROLLED ACT 1055. EFFECTIVE JULY 1, 2000. MILITARY RESERVE COMPENSATION AND LEAVE.** Amends IC 10-2-4-3 to provide in subsection (c) A member is entitled to receive from the member's employer a leave of absence from the member's respective duties in addition to regular vacation period, without loss of time or pay for such time as the member is (1) on training duties of the State of Indiana on orders of the Governor as Commander in Chief; (2) a member of any reserve component under the order of the reserve component authority; for consecutive or non-consecutive periods not to exceed a total of fifteen (15) days in any calendar year. The entitlement to a leave of absence without loss of time or pay provided in this subsection is not at the discretion of the member's employer. Also amends section (d) to provide a member is entitled to receive from the member's employer a leave of absence from the member's respective duties, in addition to the member's regular vacation period for the total number of days that the member is on state active duty under section (4) of this chapter. A leave of absence provided under this subsection may be with or without loss of time or pay at the discretion of the member's employer.

**PUBLIC LAW 37. HOUSE ENROLLED ACT 1074. EFFECTIVE JULY 1, 2000. CONFIDENTIALITY OF SCHOOL SECURITY PLANS.** Amends IC 5-14 to add that the discussion of the assessment, design, and implementation of school safety and security measures, plans, and systems may be conducted in executive sessions.

**PUBLIC LAW 50. HOUSE ENROLLED ACT 1241. EFFECTIVE JULY 1, 2000. TAX ADJUSTMENT BOARD; LIBRARIES.** Amends IC 6-1.1-29-4 to change the first meeting date of Tax Adjustment Boards from September 18 to September 22.

Amends IC 5-10-8-1 to add libraries.

Also amends IC 5-11-1-4 concerning library year end reports.

Also adds IC 20-14-2.5-9.5 concerning library board member appointments in certain counties.

**THE SCHOOL ADMINISTRATOR  
and Uniform Compliance Guidelines**

**Volume 149A, Page 5**

**May 2000**

**PUBLIC LAW 53. HOUSE ENROLLED ACT 1283. EFFECTIVE JULY 1, 2000. PERF/TRF.** Amends IC 5-10.2-3-2 to provide a member of the fund may make contributions to the member's annuity savings account in addition to the contributions required under subsection (b) not to exceed ten percent (10%) of the member's compensation.

Also adds section (d) to provide for employer pickup of the total amount contributed under certain circumstances.

**PUBLIC LAW 54. HOUSE ENROLLED ACT 1293. EFFECTIVE JULY 1, 2000. INSURANCE.** Adds IC 5-10-8-7.8 and IC 27-8-14.8 and IC 27-13-7-17 concerning insurance requirements for colorectal cancer testing.

**PUBLIC LAW 62. HOUSE ENROLLED ACT 1395. EFFECTIVE JULY 1, 2000. UNIFORM ELECTRONIC TRANSACTIONS ACT.** Adds IC 26-2-8 to provide for the Uniform Electronic Transactions Act. Specifies the procedure for conducting electronic transactions. Provides for governmental agencies to establish procedures for conducting electronic transactions and with certain exceptions does not require governmental agencies to use or permit the use of electronic records or electronic signatures.

Each governmental agency shall determine whether, and the extent to which, it will send and accept electronic records and electronic signatures to and from other persons and otherwise create, generate, communicate, store, process, use, and rely upon electronic records and electronic signatures. To the extent that a governmental agency uses electronic records and electronic signatures, the governmental agency, giving due consideration to security, may specify:

- (1) the manner and format in which the electronic records must be created, generated, sent, communicated, received, and stored and the systems established for such purposes;
- (2) if electronic records must be electronically signed, the type of electronic signature required, the manner and format in which the electronic signature must be affixed to the electronic record, and the identity of, or criteria that must be met by, any third party used by a person filing a document to facilitate the process;
- (3) control processes and procedures as appropriate to ensure adequate preservation, disposition, integrity, security, confidentiality, and auditability of electronic records; and
- (4) any other required attributes for electronic records that are specified for corresponding nonelectronic records or reasonably necessary under the circumstances. Standards adopted by a governmental agency must encourage and promote consistency and interoperability with similar requirements adopted by:
  - (1) other governmental agencies;
  - (2) other states;
  - (3) the federal government; and
  - (4) nongovernmental persons interacting with governmental agencies.

If appropriate, those standards must specify differing levels of standards from which governmental agencies may choose in implementing the most appropriate standard for a particular application.

The State Board of Accounts Accounting and Uniform Compliance Guidelines Manuals document the requirements for storage of accounting information on a computer media. These requirements are documented in the chapter on computer systems and within the section of Information Technology Services Controls.

**THE SCHOOL ADMINISTRATOR  
and Uniform Compliance Guidelines**

**Volume 149A, Page 6**

**May 2000**

The required areas of control include: Disaster Recovery, Back Up Processing, Physical Security, Logical Security, Change Controls, Audit Trails, Input Controls, Output Controls, Interface Controls, Internal Processing, Error Correction, Programming Documentation, Operations Documentation, User Documentation.

If a governmental unit is utilizing only electronic records with no supporting documentation and deficiencies are noted in the required areas of computer controls, an audit result and comment and a federal finding could be included in the audit report for the governmental unit. Severe deficiencies could also adversely affect the audit opinion provided for the governmental unit.

If there are questions on the application of required computer controls related to electronic records or transactions, please contact the State Board of Accounts.

**PUBLIC LAW 70. SENATE ENROLLED ACT 147. EFFECTIVE JULY 1, 2000. LASER POINTERS.** Adds IC 35-47-4.5 concerning regulation of laser pointers. Provides for certain exceptions.

**PUBLIC LAW 72. SENATE ENROLLED ACT 162. EFFECTIVE JULY 1, 2000. TREASURERS.** Adds IC 20-5-7-0.5 to provide as used in the chapter, "treasurer" includes assistant treasurer or a deputy treasurer.

Also amends IC 20-5-7-1 to add section (b) to provide a school corporation may appoint one (1) or more assistant or deputy treasurers.

**PUBLIC LAW 78. SENATE ENROLLED ACT 212. EFFECTIVE JULY 1, 2000. HEALTH CARE PLANS.** Adds IC 5-10-8-7.7 to provide for health care services for surgical treatment of morbid obesity.

**PUBLIC LAW 81. SENATE ENROLLED ACT 224. EFFECTIVE JULY 1, 2000. MILITARY ACCESS TO STUDENT INFORMATION.** Amends IC 20-10.1-29-3 to add section (c) to provide that an official recruiting representative may be required to pay a fee for copying and mailing the high school student directory information described in an amount that is not more than the actual cost incurred by the high school.

**PUBLIC LAW 86. SENATE ENROLLED ACT 393. EFFECTIVE JANUARY 1, 2000. (RETROACTIVE) SCHOOL TECHNOLOGY FUND.** Amends IC 21-2-11-6.5 section (b) to provide As used in this subsection, "base year" means January 1, 1998 through June 30, 1999, or any subsequent universal service program year for which a school corporation initially makes application to the program. . . For purposes of this section, the amount of money saved by a school corporation as a result of universal service discounts during the base year and any subsequent universal service program year is equal to:  
(1) the sum of all reimbursements in the form of cash or discounts received or eligible to be received under the universal service program during the base year; minus

**THE SCHOOL ADMINISTRATOR  
and Uniform Compliance Guidelines**

**Volume 149A, Page 7**

**May 2000**

(2) discounts from expenditures made from debt service and capital projects funds during the base year for one-time costs such as new construction or remodeling projects.

Also amends IC 21-2-18-4 effective January 1, 2000 (Retroactive) to clarify that before February 15, 2001 and each year thereafter, each school corporation shall file a report with the superintendent of public instruction's special assistant for technology. Also, provides that before April 1, 2001 and each year thereafter, the special assistant shall compile the information.

**PUBLIC LAW 89. SENATE ENROLLED ACT 419. EFFECTIVE MARCH 15, 2000. VALIDATION OF BONDS; IMPA, INTERLOCAL AGREEMENTS.** Amends IC 5-1-1(b) to add dedication or designation of revenues. Also adds section (d) to provide that all interlocal cooperation agreements entered into by political subdivisions or governmental entities under IC 36-1-7 are hereby legalized and declared valid if entered into before March 15, 2000. All proceedings held and actions taken under which interlocal cooperation agreements were executed or entered into are hereby fully legalized and validated.

Amends IC 5-1-1-1 concerning debt obligations and contracts for electrical power purchases from IMPA.

**PUBLIC LAW 93. SENATE ENROLLED ACT 489. EFFECTIVE JANUARY 1, 2000 (RETROACTIVE); JULY 1, 2000; JANUARY 1, 2001. AVERAGE DAILY MEMBERSHIP.** Amends IC 21-3-1.6-1.1 to provide that in determining the ADM, each pupil enrolled in a public school and a non-public school is to be counted on a full-time equivalency basis as provided in section 1.2 of IC 21-3-1.6.

Also amends section (j) to provide for the definition of "Eligible pupil" that the transferee corporation's attendance area includes a state licensed private or public health care facility, child care facility or foster family home where the pupil was placed by a parent or guardian under IC 20-8.1-6.1-5.

Adds IC 21-3-1.6-1.2 to provide that a pupil described as enrolled in a public and nonpublic school; has legal settlement in a school corporation; and receives instructional services from the school corporation may be considered in a school corporation's ADM count on a full-time equivalency basis as determined in the section.

Various other chapters in the section are amended to provide for transitional calculations, tuition support reductions, and "adjusted ADM".

**PUBLIC LAW 96. SENATE ENROLLED ACT 508. EFFECTIVE JULY 1, 2000 AND JANUARY 1, 2001. SCHOOL CORPORATIONS BUDGETS; SCHOOL TRANSPORTATION FUNDS.** Repeals IC-6-1.1-17-5.1 requiring school corporations to change to a July-June budget year. Also amends IC 21-2-11.5-3.1 and IC 21-2-15-5 to change the date back to September 20th concerning public hearings on proposed plans for school bus replacement and capital projects funds.

**THE SCHOOL ADMINISTRATOR  
and Uniform Compliance Guidelines**

**Volume 149A, Page 8**

**May 2000**

Amends IC 21-2-11.5-2 to provide that the governing body of each school corporation shall establish a school bus replacement fund. The school bus replacement fund shall be the exclusive fund used to pay for the following costs attributable to transportation:

- (1) Amounts paid for replacement of school buses, either through a purchase agreement or lease agreement;
- (2) The cost of contracted transportation service payable from the school bus replacement account under subsection (e). Also provides that the governing body shall establish a school transportation fund to be the exclusive fund used by the school corporation for costs attributable to transportation listed in subdivisions (1) through (7) of IC 20. Repeals references to an "operating cost account." Therefore, only two funds will exist for school transportation purposes, the School Transportation Fund will be fund 041 and the School Bus Replacement Fund will be fund 042. Please note the effective date will be January 1, 2001.

**PUBLIC LAW 98. HOUSE ENROLLED ACT 1008. EFFECTIVE JANUARY 1, 2000 (RETRO- ACTIVE); MARCH 16, 2000; JULY 1, 2000. PUBLIC NOTICES; DISHONORED CHECKS.** Amends IC 5-3-1-4 concerning notices published by school corporations, to provide the notice shall be posted (1) at the school administration building; or (2) at the public building where the governing body of the school corporation meets; or (A) the post office in the school corporation (or, at the bank if there is no post office) if the school corporation does not have an administration building.

Adds IC 36-1-8-13 to provide the units that are unable to obtain payment of a dishonored check shall, not later than ninety (90) days after the check is initially received by the unit, refer the matter to the prosecuting attorney of the county where the dishonored check was received for prosecution.

**PUBLIC LAW 112. HOUSE ENROLLED ACT 1343. EFFECTIVE MARCH 16, 2000 AND JULY 1, 2000. AIR POLLUTION.** Requires the Department of Environmental Management to notify appropriate State and local governmental agencies concerning upsets that have occurred or likely are to occur by publicly owned treatment works.

**PUBLIC LAW 114. HOUSE ENROLLED ACT 1354. EFFECTIVE MARCH 16, 2000. EDGE CREDITS.** Adds IC 6-3.1-13-27 to provide for an Economic Development for Growing Economy tax credits for nonprofit organizations in certain counties under various conditions stipulated, including political subdivisions and property taxes of the various taxing units.

**PUBLIC LAW 118. SENATE ENROLLED ACT 62. EFFECTIVE JULY 1, 2000 AND JULY 1, 1999 (RETROACTIVE). PERF AND TRF.** Makes numerous changes to IC 5 and IC 36 concerning PERF and TRF benefits.

**PUBLIC LAW 119. SENATE ENROLLED ACT 64. EFFECTIVE JULY 1, 2000. TRF.** Makes numerous changes to IC 5-10.2 for retirement fund coverage.

Also makes changes to the operation of PERF in IC 5-10.3.



**THE SCHOOL ADMINISTRATOR  
and Uniform Compliance Guidelines**

**Volume 149A, Page 9**

**May 2000**

**PUBLIC LAW 122. SENATE ENROLLED ACT 114. EFFECTIVE JULY 1, 2000. ELECTIONS.** Amends various sections of the Indiana Code concerning elections of board members.

**PUBLIC LAW 127. SENATE ENROLLED ACT 227. EFFECTIVE JULY 1, 2000. OUTSTANDING AND UNPAID CHECKS.** Adds IC 5-11-10.5-7 and IC 4-10-10-11 to provide in section (a) this section applies to a warrant or check drawn from the public funds of a political subdivision, if the check or warrant is outstanding and unpaid but is not determined to be unclaimed property under IC 32-9-1.5. Section (b) is added to provide an agreement for which the primary purpose is to pay compensation to locate, deliver, recover, or assist in the recovery of a check or warrant described in IC 5-11-10.5-7(a) is valid only if (1) the fee or compensation agreed upon is not more than ten percent (10%) of the amount collected unless the amount collected is fifty dollars (\$50.00) or less;

(2) the agreement is in writing;

(3) the agreement is signed by the apparent owner; and

(4) the agreement clearly sets forth:

(A) the nature and value of the property; and

(B) the value of the apparent owners' share after the fee or compensation has been deducted.

The section does not prevent an owner from asserting at any time that an agreement to locate property is otherwise invalid.

Adds a similar provision in IC 5-11-10.5-7 for political subdivisions.

**PUBLIC LAW 129. SENATE ENROLLED ACT 262. EFFECTIVE MARCH 17, 2000. UNDERGROUND STORAGE TANKS.** Non code sections concerning leases for underground storage tanks.

**PUBLIC LAW 134. SENATE ENROLLED ACT 351. EFFECTIVE JULY 1, 2000. SWEEP ACCOUNTS.** Amends IC 5-13-9-3 and IC 5-13-10.5-9 to eliminate from section (b) "including standing repurchase agreements: commonly known as sweep accounts."

**PUBLIC LAW 141. SENATE ENROLLED ACT 447. EFFECTIVE JULY 1, 2000. BOARD OF DEPOSITORIES MEETINGS.** Amends IC 5-13 concerning physical presence of State Board of Depository Members at meetings.